

Changing perceptions of brands in news media

Australian banks and financial institutions remain among the best performing and safest in the world, despite poor perceptions created in the lead-up to the establishment of a royal commission into the conduct of banks and the financial sector.

Banks, in particular, became the focus of political debate after Commonwealth Bank's Comminsure was accused of unethical behaviour towards policy holders for which the bank later apologised, followed by alleged breaches of money laundering and terrorism financing law that has led to civil action in the Federal Court.

Other banks became swept up in the political push for a royal commission, with accusations of rigging of the bank bill swap rate which have led to formal charges.

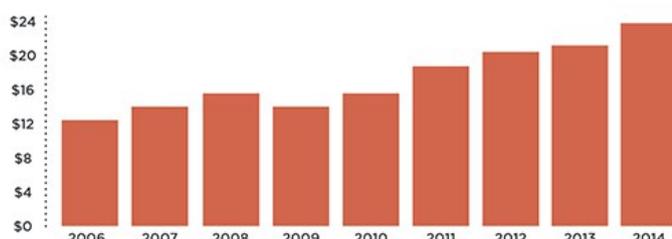
Edelman's consumer study into the banking reform program reveals that 69 per cent of respondents showed neutral to low trust in the banking industry. Of these doubters, 85 per cent believed the banks are driven by profit, 52 per cent believed they are not open or transparent with terms and fees and 40 per cent believed the banks were unethical.

Yet, the banking sector remains strong, delivering close to 80 per cent of its profits to shareholders according to Australian Bankers' Association data - with the earnings of the Commonwealth, Westpac, NAB and ANZ totalling more than \$31 billion in 2017.

“Australian Banks Belong To You”

Dividends paid by Australian retail banks (\$bn)

The 'Australian Banks Belong To You' campaign, runs across TV and full-page advertisements in newspapers. It features bank workers describing how over 80 percent of local banks' profits are returned to shareholders (Feb 2018).



Source : Australian Bankers' Association : Australia's banks : an integral part of the economy and the community; https://www.ausbanking.org.au/images/uploads/ArticleDocuments/134/ABAN20economic_report_final_Oct_2015.pdf

National Australia Bank chief executive Andrew Thorburn recognises mistakes have been made and the banks must acknowledge them.

“We have to own those, be accountable for them and we need to rebuild trust with the Australian people,” Mr Thorburn said. “That’s absolutely what we’re going to do.

“For people to not just have confidence in the industry, but to have trust in it.”

Bank on trust

News media – through its broad reach to potential consumers of financial services – presents an opportunity for banks to help rebuild trust with consumers through the presentation of advertisements in premium, brand safe environments.

This can be largely attributed to the idea of transferable trust. The notion suggests that trust means having credibility, and it cannot simply materialise. Trust needs to be earned over time.

“Transferable trust occurs when there is trust in someone (or an entity) and they speak on behalf of another person or entity (like opinion leadership). Marketers need to identify which persons (or entities) can be used to transfer trust on their behalf,” says senior lecturer at Curtin University Dr Russel Kingshott.

Dr Kingshott said that there was potential for trust to transfer from news media to the banks.

“This is a ‘safe’ strategy and will work if the target audience affiliates with the medium you are advertising in, and that medium is also perceived by the target audience as being credible and unbiased.

“Such an environment (and I mean medium here such as a credible media outlet) is a potential avenue for trust transference where stakeholders (that are exposed to the advertising) trust the outlet and this in turn is transferred onto the brand,” he said.

Galaxy Research’s AdTrust study, commissioned by NewsMediaWorks, demonstrates that news media - particularly print - is trusted significantly more than most other mediums.

The study asked consumers to rate several different mediums against a set of 20 individual elements and characteristics, including reliability, usefulness, affect and willingness. The results showed that National, Regional, Community indexed higher than all other mediums.

Digital news media indexed higher than other online media.

Creating opportunity for financial products

Marketers and consumers agree - news media is a trusted medium. However, it is a medium that is under-utilised by the financial sector, meaning a huge opportunity is being lost.

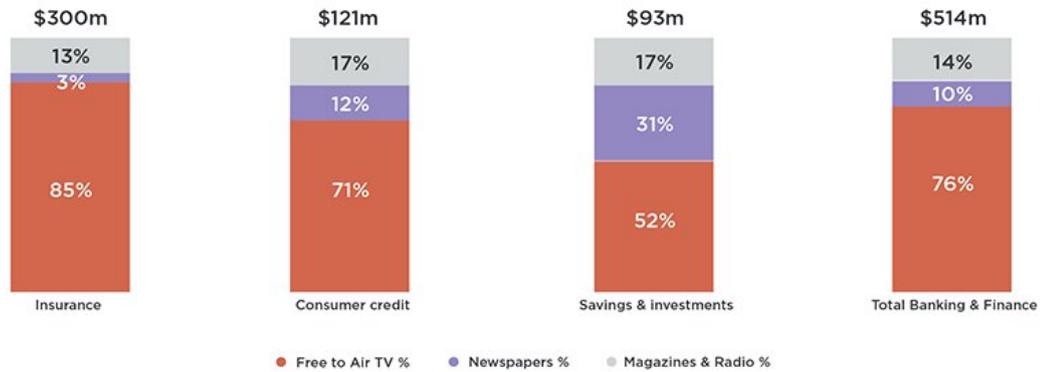
The reach of news media to potential clients is exceptional, with the medium reaching 89 per cent of people in the market for insurance and 89 per cent who are after a loan.

However, many in the financial market are missing the opportunity.

Offline advertising spend across three types of financial products - insurance, consumer credit and savings and investments - totals \$514 million. Of this, only \$52.5 million is directed toward newspapers.

An opportunity for Insurance and Consumer credit advertisers to make more use of newspapers

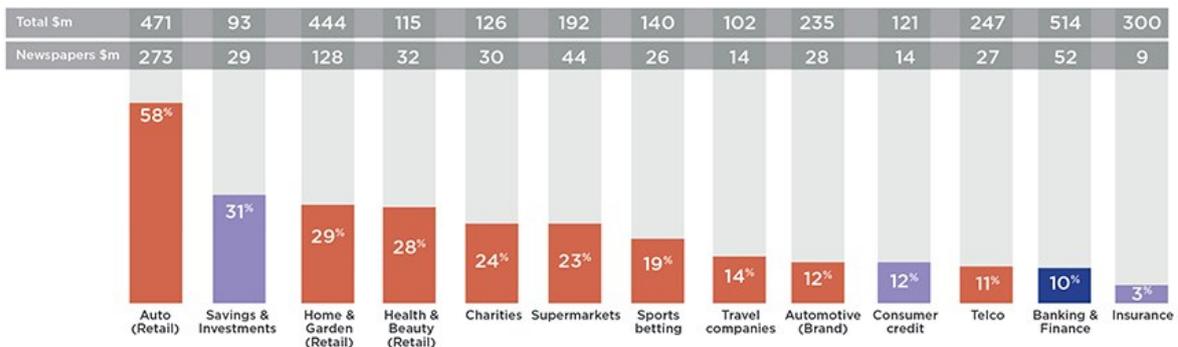
Advertising spend on off-line media¹



Source: ¹Ebiquity, 2016 Advertisers Report. Advertising spend - offline media excluding Outdoor which is not reported. *Magazines and Radio* is overwhelmingly Radio spend.

Banking & Finance spent \$514 on offline advertising - \$52m on newspapers

Newspapers share of offline advertising spend (%) - Top spending categories



Source: ¹Ebiquity, 2016 Advertisers Report. Advertising spend - offline media excluding Outdoor which is not reported. *Magazines and Radio* is overwhelmingly Radio spend. Banking & Finance is the combined spend of Savings & investments, Consumer credit and Insurance category ad spends.

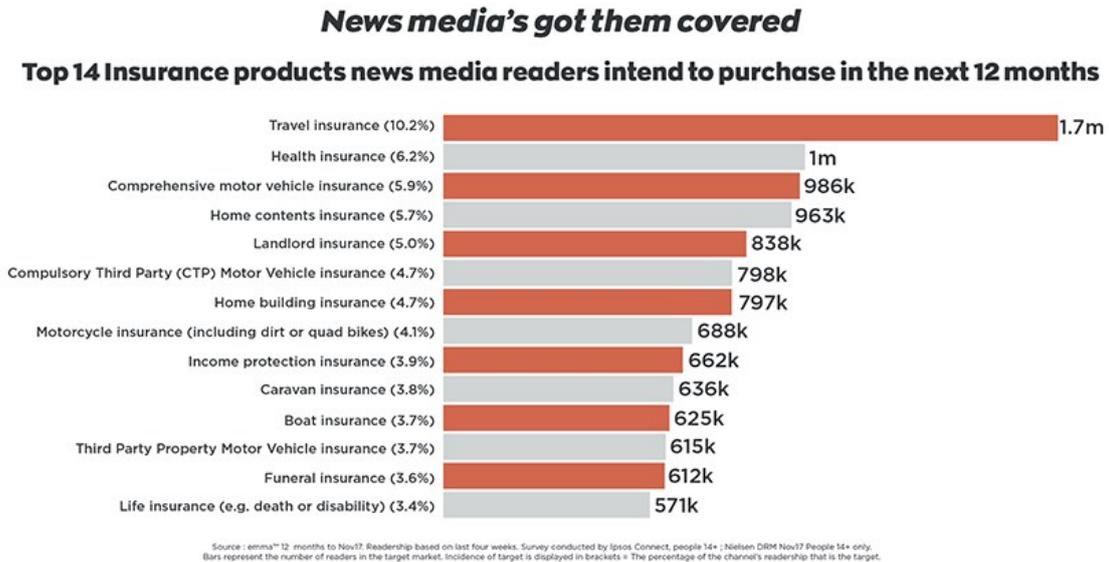
Savings and investments is the biggest investor in the medium, spending 31 per cent of its allocated offline ad spend of \$93 million to newspapers, totalling \$29 million.

Only 9 million of insurance's \$300 million offline ad spend is directed to newspapers, around 3 per cent.

It is ironic that insurance's ad spend in newspapers is the least out of those three

categories, when the opportunity to reach new customers may be the highest.

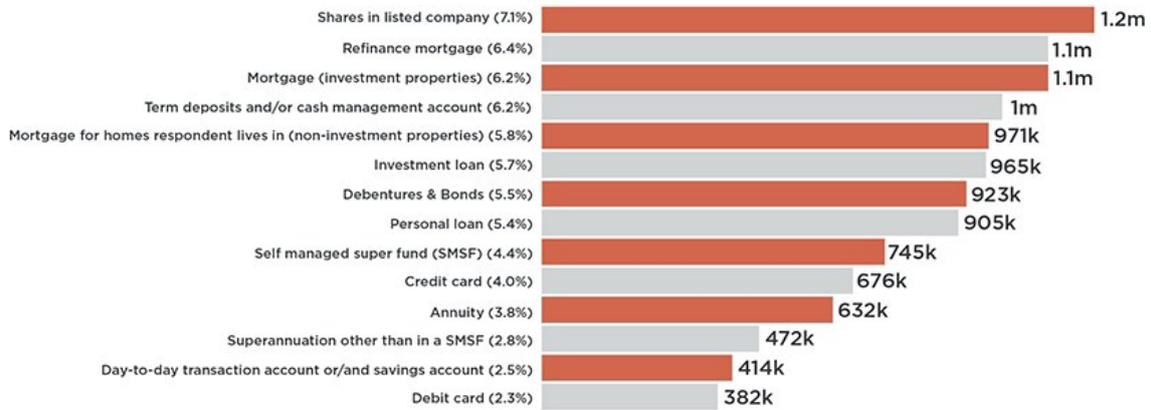
One in four Australians are looking to purchase or switch an insurance policy in the next 12 months. News media reaches 89 per cent of this group, or 4.1 million readers. Travel is overwhelmingly the most sought-after form of insurance, followed by health and comprehensive car insurance.



Loans are also popular among those news media reaches. Ninety per cent of readers are after a home or investment mortgage, refinance mortgage, investor loan or personal loan, which is about 1.9 million.

News media's got them covered

Top 14 Financial products news media readers intend to purchase in the next 12 months



Source : emma™ 12 months to Nov17. Readership based on last four weeks. Survey conducted by Ipsos Connect, people 14+ ; Nielsen DIRM Nov17 People 14+ only. Bars represent the number of readers in the target market. Incidence of target is displayed in brackets = The percentage of the channel's readership that is the target.

The business and finance section of the newspaper is the best to appeal to potential customers, being read by 5.2 million Australians. Of them, 1.3 million are in the market for insurance products, while 555,000 are looking for a loan or mortgage.

Digital news media marginally reaches more readers who are looking for insurance and loans than newspapers, at 73 per cent versus 68 per cent and 74 per cent versus 68 per cent respectively.

However, studies have found that engagement with print media advertising is higher than other platforms. A 2015 neurological study commissioned by the US postal service found that time spent, the emotional response and desirability of an advertisement was increased when in print media.

Print ads engage more than digital ads

Time spent, the emotional response and desirability of the an advertisement is increased when in print media (Physical)

Attribute	Definition	Physical	Digital
Attention	A customer's focused attention for a sustained period of time on key components of the ad		X
Review time	The amount of time a customer spends with an ad	X	
Engagement	The amount of information the customer processes or absorbs from an ad	X	X
Stimulation	An emotional reaction to an ad	X	
Memory retrieval accuracy	Accurately remembering the advertising source and content	X	X
Memory speed & confidence	Quickly and confidently remember advertising source and content	X	
Purchase & willingness to pay	Whether and how much the customer is willing to pay for a product	X	X
Desirability	A subconscious desire for the product or service	X	
Valuation	The subconscious value a participant places on the product or service	X	

Source : US Postal service neurological research 2015. <https://www.uspsig.gov/sites/default/files/document-library-files/2015/frac-wp-15-02.pdf>

Sources:

Edelman Intelligence - Banking reform program (Australia). Percentage of people agreeing they can trust banks to do the right thing (7,8,9) on a scale of 1 to 9 where 9 is strongly agree. Doubters are those who scored 1-6. https://www.bankers.asn.au/images/uploads/MediaReleases/ABA_Banking_Reform_Program_Report_August_2017.pdf

Australian Bankers' Association: Australia's banks: an integral part of the economy and the community. https://www.ausbanking.org.au/images/uploads/ArticleDocuments/134/ABA%20economic_report_nal_Oct_2015.pdf

The Company You Keep. Galaxy Research online questionnaire, June 2017 was conducted among a nationally representative sample of 2,863 Australians aged 18 years and older. For readers/users of the respective media, results displayed are the percentage agreeing they trust ads in the given media (5,6,7) on a scale from 1 to 7 where 7 is strongly agree. Net ADTRUST is more frequently quoted but is then less comparable to Edelman's "Trust in banks" metric.

Ebiquity, 2016 Advertisers Report. Advertising spend - online media excluding Outdoor which is not reported. "Magazines and Radio" is overwhelmingly Radio

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National papers 50%, Community papers 48%, Regional papers 48%, Cinema 48%, Metro papers 41%. Top3 box on a scale 1-7.

*US Postal service neurological research 2015.
<https://www.uspsaig.gov/sites/default/files/document-library-files/2015/rarc-wp-15-012.pdf>*

SAFE & SOUND

News media offers the ideal environment for finance and insurance advertisers to engage customers in a trusted environment.

Just 31% trust banks to do what's right¹



Readers trust ads in news media more than any other source²

Top 5 sentiments that banks need to address to win the doubters¹



- 46% Newspapers³
- 39% Digital news media
- 28% Search
- 26% Social
- 26% Other websites

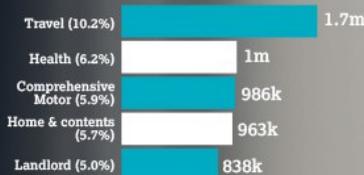
89% reach in each of the two key markets

4.1m
news media readers in the market for insurance products

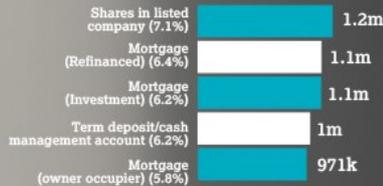
3.3m
news media readers in the market for financial products

Top 5 products news media readers intend to purchase in the next 12 months.

Insurance⁴



Financial⁴



Source: emma™ 12 months to Nov 2017. Readership based on last four weeks. Survey conducted by Ipsos Connect, people 14+; Nielsen DRM Nov 2017, People 14+ only; ¹ Edelman Intelligence – Banking reform program (Australia). Percentage of people agreeing they can trust banks to do the right thing (7.0) on a scale of 1 to 9 where 9 is strongly agree. Doubtful are those who scored 1-6. https://www.bankers-act.com.au/images/uploads/MediaNews/ADA_Banking_Reform_Program_Report_August_2017.pdf; ² The Company You Keep, Gallop Research online questionnaire, June 2017 was conducted among a nationally representative sample of 2,000 Australians aged 18 years and older. For readers of users of the respective media, results displayed are the percentage agreeing they trust ads in the given media (5.6-7) on a scale from 1 to 7 where 7 is strongly agree. IM ADTRUST is more frequently quoted but is then less comparable to Edelman's "Trust in banks" metric; ³ National papers 50%, Community papers 48%, Regional papers 40%, Chinese 40%, Metro papers 41%. ⁴ Top 5 list on a scale 1-7; ⁵ News media readers intending to obtain or switch Insurance/Financial products in the next 12 months. Figures in brackets are incidence rates in the percentage of news media readers that are in the target Insurance/Financial market.